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AMENDED IN ASSEMBLY JUNE 1, 1998
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AMENDED IN SENATE APRIL 22, 1997
AMENDED IN SENATE APRIL 3, 1997
AMENDED IN SENATE FEBRUARY 24, 1997

SENATE BILL

No. 117

Introduced by Senator Kelley

January 7, 1997

An act to amend Sections 7500.1 and 7507.3 of the Business and Professions Code, to amend Sections 22202 and 22329 of the Financial Code, and to amend Sections 14602.6, 14607.6, and ~~23498~~ 23596 of the Vehicle Code, relating to collateral recovery.

LEGISLATIVE COUNSEL'S DIGEST

SB 117, as amended, Kelley. Collateral recovery.

(1) The Collateral Recovery Act, which governs persons engaged in repossession of collateral, requires licensing of persons or entities engaged in repossession, and certification of persons who are in active control of businesses engaged in

repossession. Existing law defines “assignment” for these purposes.

This bill would require an assignment to be in writing, and would provide that a photocopy, facsimile copy, or electronic copy shall have the same force and effect as an original written assignment.

(2) Existing law defines “charges” for the purpose of provisions regulating consumer loans, and provides that actual fees not exceeding \$300 paid in connection with the repossession of a motor vehicle to licensed repossession agencies are not included within the definition of that term.

This bill would instead provide that actual and necessary fees not exceeding \$500 paid in connection with the repossession of a motor vehicle to licensed repossession agencies are not included within the definition of that term.

(3) Existing law governing consumer loans provides to any person liable on a consumer loan secured by a lien on a motor vehicle, the right to reinstate the loan in the event of a default by the borrower, subject to certain conditions and exceptions. Existing law governing the method of this reinstatement requires the borrower or any other person liable on the loan to “cure” events of default that were grounds for repossession of the motor vehicle or that occurred subsequent to repossession, including reimbursing the lender for actual fees paid in connection with the repossession of the motor vehicle to a licensed repossession agency.

This bill would instead require, in this regard, that the borrower or any other person liable on the loan reimburse the lender for actual and necessary fees paid in connection with the repossession of the motor vehicle to a licensed repossession agency.

(4) Existing law provides for the impoundment and sale of motor vehicles by law enforcement agencies under certain circumstances. A legal owner who in the regular course of business conducts sales of repossessed or surrendered motor vehicles may generally take possession and conduct the sale of the vehicle upon notifying the law enforcement agency and distributing the proceeds as required.

This bill would delete the requirement ~~for~~ *that* the legal owner ~~to~~ regularly conduct sales of repossessed or



surrendered motor vehicles *in order to take possession and conduct the sale of the vehicle*, and would ~~therefore~~ instead allow any legal owner who is a licensed financial institution legally operating in this state or the agent of that legal owner of a motor vehicle that is subject to be sold by a law enforcement agency under these provisions to take possession and conduct the sale. The bill would provide that the notice to the law enforcement agency may be in person, by certified mail, by facsimile transmission, or by electronic mail.

(5) The bill would also make related and conforming changes.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 7500.1 of the Business and
2 Professions Code is amended to read:
3 7500.1. The following terms as used in this chapter
4 have the meaning expressed in this section.
5 (a) “Person” includes any individual, partnership,
6 limited liability company, or corporation.
7 (b) “Department” means the Department of
8 Consumer Affairs.
9 (c) “Director” means the Director of Consumer
10 Affairs.
11 (d) “Bureau” means the Bureau of Security and
12 Investigative Services.
13 (e) “Chief” means the Chief of the Bureau of Security
14 and Investigative Services.
15 (f) “Licensee” means an individual, partnership,
16 limited liability company, or corporation licensed under
17 this chapter as a repossession agency.
18 (g) “Qualified certificate holder” or “qualified
19 manager” is a person who possesses a valid qualification
20 certificate in accordance with the provisions of Article 5
21 (commencing with Section 7504) and is in active control
22 or management of, and who is a director of, the licensee’s
23 place of business.

1 (h) “Registrant” means a person registered under this
2 chapter.

3 (i) “Services” means any duty or labor to be rendered
4 by one person for another.

5 (j) “Dangerous drugs” means any controlled
6 substances as defined in Chapter 2 (commencing with
7 Section 11053) of Division 10 of the Health and Safety
8 Code.

9 (k) “Deadly weapon” means and includes any
10 instrument or weapon of the kind commonly known as a
11 blackjack, slungshot, billy, sandclub, sandbag, metal
12 knuckles, dirk, dagger, pistol, or revolver, or any other
13 firearm, any knife having a blade longer than five inches,
14 any razor with an unguarded blade, and any metal pipe
15 or bar used or intended to be used as a club.

16 (l) “Combustibles” means any substance or article
17 that is capable of undergoing combustion or catching fire,
18 or that is flammable, if retained.

19 (m) “Health hazard” means any personal effects
20 which if retained would produce an unsanitary or
21 unhealthful condition.

22 (n) “Advertisement” means any written or printed
23 communication, including a directory listing, except a
24 free telephone directory listing which does not allow
25 space for a license number.

26 (o) “Assignment” means a written authorization by
27 the legal owner, lienholder, lessor or lessee to skip trace,
28 locate, or repossess or to collect money payment in lieu
29 of repossession of, any collateral, including, but not
30 limited to, collateral registered under the Vehicle Code
31 that is subject to a security agreement that contains a
32 repossession clause. “Assignment” also means a written
33 authorization by an employer to recover any collateral
34 entrusted to an employee or former employee if the
35 possessor is wrongfully in possession of the collateral. A
36 photocopy, facsimile copy, or electronic copy of an
37 assignment shall have the same force and effect as an
38 original written assignment.

39 (p) “Security agreement” means an obligation,
40 pledge, mortgage, chattel mortgage, lease agreement,

1 deposit, or lien, given by a debtor as security for payment
2 or performance of his or her debt, by furnishing the
3 creditor with a recourse to be used in case of failure in the
4 principal obligation. “Security agreement” also includes
5 a bailment where an employer-employee relationship
6 exists or existed between the bailor and the bailee.

7 (q) “Legal owner” means a person holding a security
8 interest in any collateral that is subject to a security
9 agreement, a lien against any collateral, or an interest in
10 any collateral that is subject to a lease agreement.

11 (r) “Private building” means and includes any
12 dwelling, outbuilding, or other enclosed structure.

13 (s) “Secured area” means and includes any fenced and
14 locked area.

15 (t) “Violent act” means any act that results in bodily
16 harm or injury to any party involved.

17 (u) “Collateral” means any vehicle, boat, recreational
18 vehicle, motor home, appliance, or other property that is
19 subject to a security agreement.

20 (v) “Personal effects” means any property contained
21 within repossessed collateral that is not the property of
22 the legal owner.

23 (w) “Debtor” means any person obligated under a
24 security agreement.

25 SEC. 2. Section 7507.3 of the Business and Professions
26 Code is amended to read:

27 7507.3. A repossession agency shall be required to
28 keep and maintain adequate records of all transactions,
29 including, but not limited to, assignment forms; vehicle
30 report of repossession required by Section 28 of the
31 Vehicle Code; vehicle condition reports, including
32 odometer readings; personal effects inventory; notice of
33 seizure; and records of all transactions pertaining to the
34 sale of collateral that has been repossessed, including, but
35 not limited to, bids solicited and received, cash received,
36 deposits made to the trust account, remittances to the
37 seller, and allocation of any moneys not so remitted to
38 appropriate ledger accounts. Records, including bank
39 statements of the trust account, shall be retained for a
40 period of not less than four years and shall be available for

1 examination by the bureau upon demand. In addition,
2 collateral and personal effects storage areas shall be made
3 accessible for inspection by the bureau upon demand. An
4 assignment form may be an original, a photocopy, a
5 facsimile copy, or a copy stored in an electronic format.

6 SEC. 3. Section 22202 of the Financial Code is
7 amended to read:

8 22202. “Charges” do not include any of the following:

9 (a) Commissions received as a licensed insurance
10 agent or broker in connection with insurance written as
11 provided in Section 22313.

12 (b) Amounts not in excess of the amounts specified in
13 subdivision (c) of Section 3068 of the Civil Code paid to
14 holders of possessory liens, imposed pursuant to Chapter
15 6.5 (commencing with Section 3067) of Title 14 of Part 4
16 of Division 3 of the Civil Code, to release motor vehicles
17 that secure loans subject to this division.

18 (c) Court costs, excluding attorney’s fees, incurred in
19 a suit and recovered against a debtor who defaults on his
20 or her loan.

21 (d) Fees paid to a licensee for the privilege of
22 participating in an open-end credit program, which fees
23 are to cover administrative costs and are imposed upon
24 executing the open-end loan agreement and on annual
25 renewal dates or anniversary dates thereafter.

26 (e) Amounts received by a licensee from a seller, from
27 whom the borrower obtains money, goods, labor, or
28 services on credit, in connection with a transaction under
29 an open-end credit program that are paid or deducted
30 from the loan proceeds paid to the seller at the direction
31 of the borrower and which are an obligation of the seller
32 to the licensee for the privilege of allowing the seller to
33 participate in the licensee’s open-end credit program.
34 Amounts received by a licensee from a seller pursuant to
35 this subdivision may not exceed 6 percent of the loan
36 proceeds paid to the seller at the direction of the
37 borrower.

38 (f) Actual and necessary fees not exceeding five
39 hundred dollars (\$500) paid in connection with the
40 repossession of a motor vehicle to repossession agencies

1 licensed pursuant to Chapter 11 (commencing with
2 Section 7500) of Division 3 of the Business and Professions
3 Code provided that the licensee complies with Sections
4 22328 and 22329, and actual fees paid to a licensee in
5 conformity with Sections 26751 and 41612 of the
6 Government Code in an amount not exceeding the
7 amount specified in those sections of the Government
8 Code.

9 (g) Moneys paid to, and commissions and benefits
10 received by, a licensee for the sale of goods, services, or
11 insurance, whether or not the sale is in connection with
12 a loan, that the buyer by a separately signed authorization
13 acknowledges is optional, if sale of the goods, services, or
14 insurance has been authorized pursuant to Section 22154.

15 SEC. 4. Section 22329 of the Financial Code is
16 amended to read:

17 22329. (a) This section applies to a loan secured in
18 whole or in part by a lien on a motor vehicle as defined
19 by subdivision (k) of Section 2981 of the Civil Code.

20 (b) In the absence of default in the performance of any
21 of the borrower's obligations under the loan, the licensee
22 may not accelerate the maturity of any part or all of the
23 amount due thereunder or repossess the motor vehicle.

24 (c) If, after default by the borrower, the licensee
25 repossesses or voluntarily accepts surrender of the motor
26 vehicle, any person liable on the loan shall have a right to
27 reinstate the loan and the licensee shall not accelerate the
28 maturity of any part or all of the loan prior to the
29 expiration of the right to reinstate, unless the licensee
30 reasonably and in good faith determines that:

31 (1) The borrower or any other person liable on the
32 loan by omission or commission intentionally provided
33 false or misleading information of material importance on
34 his or her credit application.

35 (2) The borrower or any other person liable on the
36 loan has concealed the motor vehicle or removed it from
37 the state in order to avoid repossession.

38 (3) The borrower or any other person liable on the
39 loan has committed or threatens to commit acts of
40 destruction, or has failed to take care of the motor vehicle

1 in a reasonable manner, so that the motor vehicle has or
2 may become substantially impaired in value.

3 (d) Exercise of the right to reinstate the loan shall be
4 limited to once in any 12-month period and twice during
5 the term of the loan.

6 (e) The provisions of this subdivision shall govern the
7 method by which a loan shall be reinstated with respect
8 to curing events of default that were grounds for
9 repossession or that occurred subsequent to repossession.

10 (1) Where the default is the result of the borrower's
11 failure to make any payment due under the loan, the
12 borrower or any other person liable on the loan shall
13 make the defaulted payments and pay any applicable
14 delinquency charges.

15 (2) Where the default is the result of the borrower's
16 failure to keep and maintain the motor vehicle free from
17 all encumbrances and liens of every kind, the borrower
18 or any person liable on the loan shall either satisfy all the
19 encumbrances and liens or, in the event the licensee
20 satisfies the encumbrances and liens, the borrower or any
21 other person liable on the loan shall reimburse the
22 licensee for all reasonable costs and expenses incurred
23 therefor.

24 (3) Where the default is the result of the borrower's
25 failure to keep and maintain insurance on the motor
26 vehicle, the borrower or any other person liable on the
27 loan shall either obtain the insurance or, in the event the
28 licensee has obtained the insurance, the borrower or any
29 other person liable on the loan shall reimburse the
30 licensee for premiums paid and all reasonable costs and
31 expenses incurred therefor.

32 (4) Where the default is the result of the borrower's
33 failure to perform any other obligation under the loan,
34 unless the licensee has made a good faith determination
35 that the default is so substantial as to be incurable, the
36 borrower or any other person liable on the loan shall
37 reimburse the licensee for all reasonable costs and
38 expenses incurred therefor.

39 (5) Additionally, the borrower or any other person
40 liable on the loan shall reimburse the licensee for actual

1 and necessary fees in an amount not exceeding the
2 amount specified in subdivision (f) of Section 22202 paid
3 in connection with the repossession of a motor vehicle to
4 a repossession agency licensed pursuant to Chapter 11
5 (commencing with Section 7500) of Division 3 of the
6 Business and Professions Code, and actual fees in
7 conformity with Sections 26751 and 41612 of the
8 Government Code in an amount not exceeding the
9 amount specified in those sections of the Government
10 Code.

11 (f) If the licensee denies the right to reinstatement
12 under subdivision (c) or paragraph (4) of subdivision (e),
13 the licensee shall have the burden of proof that the denial
14 was justified in that it was reasonable and made in good
15 faith. If the licensee fails to sustain the burden of proof,
16 the licensee shall not be entitled to a deficiency.

17 SEC. 5. Section 14602.6 of the Vehicle Code is
18 amended to read:

19 14602.6. (a) Whenever a peace officer determines
20 that a person was driving a vehicle while his or her driving
21 privilege was suspended or revoked or without ever
22 having been issued a license, the peace officer may either
23 immediately arrest that person and cause the removal
24 and seizure of that vehicle or, if the vehicle is involved in
25 a traffic collision, cause the removal and seizure of the
26 vehicle, without the necessity of arresting the person in
27 accordance with Chapter 10 (commencing with Section
28 22650) of Division 11. A vehicle so impounded shall be
29 impounded for 30 days.

30 The impounding agency, within two working days of
31 impoundment, shall send a notice by certified mail,
32 return receipt requested, to the legal owner of the
33 vehicle, at the address obtained from the department,
34 informing the owner that the vehicle has been
35 impounded. Failure to notify the legal owner within two
36 working days shall prohibit the impounding agency from
37 charging for more than 15 days' impoundment when the
38 legal owner redeems the impounded vehicle.

39 (b) The registered and legal owner of a vehicle that is
40 removed and seized under subdivision (a) or their agents

1 shall be provided the opportunity for a storage hearing to
2 determine the validity of, or consider any mitigating
3 circumstances attendant to, the storage, in accordance
4 with Section 22852.

5 (c) Any period in which a vehicle is subjected to
6 storage under this section shall be included as part of the
7 period of impoundment ordered by the court under
8 subdivision (a) of Section 14602.5.

9 (d) (1) An impounding agency shall release a vehicle
10 to the registered owner or his or her agent prior to the
11 end of 30 days' impoundment under any of the following
12 circumstances:

13 (A) When the vehicle is a stolen vehicle.

14 (B) When the vehicle is subject to bailment and is
15 driven by an unlicensed employee of a business
16 establishment, including a parking service or repair
17 garage.

18 (C) When the license of the driver was suspended or
19 revoked for an offense other than those included in
20 Article 2 (commencing with Section 13200) of Chapter 2
21 of Division 6 or Article 3 (commencing with Section
22 13350) of Chapter 2 of Division 6.

23 (2) No vehicle shall be released pursuant to this
24 subdivision, except upon presentation of the registered
25 owner's or agent's currently valid driver's license to
26 operate the vehicle and proof of current vehicle
27 registration, or upon order of a court.

28 (e) The registered owner or his or her agent is
29 responsible for all towing and storage charges related to
30 the impoundment, and any administrative charges
31 authorized under Section 22850.5.

32 (f) A vehicle removed and seized under subdivision
33 (a) shall be released to the legal owner of the vehicle or
34 the legal owner's agent prior to the end of 30 days'
35 impoundment if all of the following conditions are met:

36 (1) The legal owner is a motor vehicle dealer, bank,
37 credit union, acceptance corporation, or other licensed
38 financial institution legally operating in this state or is
39 another person, not the registered owner, holding a
40 security interest in the vehicle.

(2) The legal owner or the legal owner's agent pays all towing and storage fees related to the seizure of the vehicle. No lien sale processing fees shall be charged to the legal owner who redeems the vehicle prior to the fifteenth day of impoundment.

(3) The legal owner or the legal owner's agent presents foreclosure documents or an affidavit of repossession for the vehicle. The foreclosure documents or affidavit of repossession may be originals, photocopies, or facsimile copies, or may be transmitted electronically.

(g) (1) A legal owner or the legal owner's agent that obtains release of the vehicle pursuant to subdivision (f) shall not release the vehicle to the registered owner of the vehicle or any agents of the registered owner, unless the registered owner is a rental car agency, until after the termination of the 30-day impoundment period.

(2) The legal owner or the legal owner's agent shall not relinquish the vehicle to the registered owner until the registered owner or that owner's agent presents his or her valid driver's license or valid temporary driver's license to the legal owner or the legal owner's agent. The legal owner or the legal owner's agent shall make every reasonable effort to ensure that the license presented is valid.

(3) Prior to relinquishing the vehicle, the legal owner may require the registered owner to pay all towing and storage charges related to the impoundment and any administrative charges authorized under Section 22850.5 that were incurred by the legal owner in connection with obtaining custody of the vehicle.

(h) (1) A vehicle removed and seized under subdivision (a) shall be released to a rental car agency prior to the end of 30 days' impoundment if the agency is either the legal owner or registered owner of the vehicle and the agency pays all towing and storage fees related to the seizure of the vehicle.

(2) The owner of a rental vehicle that was seized under this section may continue to rent the vehicle upon recovery of the vehicle. However, the rental car agency shall not rent another vehicle to the driver of the vehicle

1 that was seized until 30 days after the date that the vehicle
2 was seized.

3 (3) The rental car agency may require the person to
4 whom the vehicle was rented to pay all towing and
5 storage charges related to the impoundment and any
6 administrative charges authorized under Section 22850.5
7 that were incurred by the rental car agency in connection
8 with obtaining custody of the vehicle.

9 (i) Notwithstanding any other provision of this
10 section, the registered owner and not the legal owner
11 shall remain responsible for any towing and storage
12 charges related to the impoundment, any administrative
13 charges authorized under Section 22850.5, and any
14 parking fines, penalties, and administrative fees incurred
15 by the registered owner.

16 SEC. 6. Section 14607.6 of the Vehicle Code is
17 amended to read:

18 14607.6. (a) Notwithstanding any other provision of
19 law, and except as provided in this section, a motor
20 vehicle is subject to forfeiture as a nuisance if it is driven
21 on a highway in this state by a driver with a suspended or
22 revoked license, or by an unlicensed driver, who is a
23 registered owner of the vehicle at the time of
24 impoundment and has a previous misdemeanor
25 conviction for a violation of subdivision (a) of Section
26 12500 or Section 14601, 14601.1, 14601.2, 14601.3, 14601.4,
27 or 14601.5.

28 (b) A peace officer shall not stop a vehicle for the sole
29 reason of determining whether the driver is properly
30 licensed.

31 (c) (1) If a driver is unable to produce a valid driver's
32 license on the demand of a peace officer enforcing the
33 provisions of this code, as required by subdivision (b) of
34 Section 12951, the vehicle shall be impounded regardless
35 of ownership, unless the peace officer is reasonably able,
36 by other means, to verify that the driver is properly
37 licensed. Prior to impounding a vehicle, a peace officer
38 shall attempt to verify the license status of a driver who
39 claims to be properly licensed but is unable to produce
40 the license on demand of the peace officer.



1 (2) A peace officer shall not impound a vehicle
2 pursuant to this subdivision if the license of the driver
3 expired within the preceding 30 days and the driver
4 would otherwise have been properly licensed.

5 (3) A peace officer may exercise discretion in a
6 situation where the driver without a valid license is an
7 employee driving a vehicle registered to the employer in
8 the course of employment. A peace officer may also
9 exercise discretion in a situation where the driver without
10 a valid license is the employee of a bona fide business
11 establishment or is a person otherwise controlled by such
12 an establishment and it reasonably appears that an owner
13 of the vehicle, or an agent of the owner, relinquished
14 possession of the vehicle to the business establishment
15 solely for servicing or parking of the vehicle or other
16 reasonably similar situations, and where the vehicle was
17 not to be driven except as directly necessary to
18 accomplish that business purpose. In this event, if the
19 vehicle can be returned to or be retrieved by the business
20 establishment or registered owner, the peace officer may
21 release and not impound the vehicle.

22 (4) A registered or legal owner of record at the time
23 of impoundment may request a hearing to determine the
24 validity of the impoundment pursuant to subdivision (n).

25 (5) If the driver of a vehicle impounded pursuant to
26 this subdivision was not a registered owner of the vehicle
27 at the time of impoundment, or if the driver of the vehicle
28 was a registered owner of the vehicle at the time of
29 impoundment but the driver does not have a previous
30 conviction for a violation of subdivision (a) of Section
31 12500 or Section 14601, 14601.1, 14601.2, 14601.3, 14601.4,
32 or 14601.5, the vehicle shall be released pursuant to this
33 code and is not subject to forfeiture.

34 (d) (1) This subdivision applies only if the driver of
35 the vehicle is a registered owner of the vehicle at the time
36 of impoundment. Except as provided in paragraph (5) of
37 subdivision (c), if the driver of a vehicle impounded
38 pursuant to subdivision (c) was a registered owner of the
39 vehicle at the time of impoundment, the impounding
40 agency shall authorize release of the vehicle if, within

1 three days of impoundment, the driver of the vehicle at
2 the time of impoundment presents his or her valid
3 driver's license, including a valid temporary California
4 driver's license or permit, to the impounding agency. The
5 vehicle shall then be released to a registered owner of
6 record at the time of impoundment, or an agent of that
7 owner authorized in writing, upon payment of towing
8 and storage charges related to the impoundment, and any
9 administrative charges authorized by Section 22850.5,
10 providing that the person claiming the vehicle is properly
11 licensed and the vehicle is properly registered. A vehicle
12 impounded pursuant to the circumstances described in
13 paragraph (3) of subdivision (c) shall be released to a
14 registered owner whether or not the driver of the vehicle
15 at the time of impoundment presents a valid driver's
16 license.

17 (2) If there is a community property interest in the
18 vehicle impounded pursuant to subdivision (c), owned at
19 the time of impoundment by a person other than the
20 driver, and the vehicle is the only vehicle available to the
21 driver's immediate family that may be operated with a
22 class C driver's license, the vehicle shall be released to a
23 registered owner or to the community property interest
24 owner upon compliance with all of the following
25 requirements:

26 (A) The registered owner or the community property
27 interest owner requests release of the vehicle and the
28 owner of the community property interest submits proof
29 of that interest.

30 (B) The registered owner or the community property
31 interest owner submits proof that he or she, or an
32 authorized driver, is properly licensed and that the
33 impounded vehicle is properly registered pursuant to this
34 code.

35 (C) All towing and storage charges related to the
36 impoundment and any administrative charges
37 authorized pursuant to Section 22850.5 are paid.

38 (D) The registered owner or the community property
39 interest owner signs a stipulated vehicle release
40 agreement, as described in paragraph (3), in



1 consideration for the nonforfeiture of the vehicle. This
2 requirement applies only if the driver requests release of
3 the vehicle.

4 (3) A stipulated vehicle release agreement shall
5 provide for the consent of the signator to the automatic
6 future forfeiture and transfer of title to the state of any
7 vehicle registered to that person, if the vehicle is driven
8 by a driver with a suspended or revoked license, or by an
9 unlicensed driver. The agreement shall be in effect for
10 only as long as it is noted on a driving record maintained
11 by the department pursuant to Section 1806.1.

12 (4) The stipulated vehicle release agreement
13 described in paragraph (3) shall be reported by the
14 impounding agency to the department not later than 10
15 days after the day the agreement is signed.

16 (5) No vehicle shall be released pursuant to paragraph
17 (2) if the driving record of a registered owner indicates
18 that a prior stipulated vehicle release agreement was
19 signed by that person.

20 (e) (1) The impounding agency, in the case of a
21 vehicle that has not been redeemed pursuant to
22 subdivision (d), or that has not been otherwise released,
23 shall promptly ascertain from the department the names
24 and addresses of all legal and registered owners of the
25 vehicle.

26 (2) The impounding agency, within two days of
27 impoundment, shall send a notice by certified mail,
28 return receipt requested, to all legal and registered
29 owners of the vehicle, at the addresses obtained from the
30 department, informing them that the vehicle is subject to
31 forfeiture and will be sold or otherwise disposed of
32 pursuant to this section. The notice shall also include
33 instructions for filing a claim with the district attorney,
34 and the time limits for filing a claim. The notice shall also
35 inform any legal owner of its right to conduct the sale
36 pursuant to subdivision (g). If a registered owner was
37 personally served at the time of impoundment with a
38 notice containing all the information required to be
39 provided by this paragraph, no further notice is required
40 to be sent to a registered owner. However, a notice shall

1 still be sent to the legal owners of the vehicle, if any. If
2 notice was not sent to the legal owner within two working
3 days, the impounding agency shall not charge the legal
4 owner for more than 15 days' impoundment when the
5 legal owner redeems the impounded vehicle.

6 (3) No processing charges shall be imposed on a legal
7 owner who redeems an impounded vehicle within 15
8 days of the impoundment of that vehicle. If no claims are
9 filed and served within 15 days after the mailing of the
10 notice in paragraph (2), or if no claims are filed and
11 served within five days of personal service of the notice
12 specified in paragraph (2), when no other mailed notice
13 is required pursuant to paragraph (2), the district
14 attorney shall prepare a written declaration of forfeiture
15 of the vehicle to the state. A written declaration of
16 forfeiture signed by the district attorney under this
17 subdivision shall be deemed to provide good and
18 sufficient title to the forfeited vehicle. A copy of the
19 declaration shall be provided on request to any person
20 informed of the pending forfeiture pursuant to paragraph
21 (2). A claim that is filed and is later withdrawn by the
22 claimant shall be deemed not to have been filed.

23 (4) If a claim is timely filed and served, then the
24 district attorney shall file a petition of forfeiture with the
25 appropriate justice, juvenile, or municipal court within 10
26 days of the receipt of the claim. The district attorney shall
27 establish an expedited hearing date in accordance with
28 instructions from the court, and the court shall hear the
29 matter without delay. The court filing fee, not to exceed
30 fifty dollars (\$50), shall be paid by the claimant, but shall
31 be reimbursed by the impounding agency if the claimant
32 prevails. To the extent practicable, the civil and criminal
33 cases shall be heard at the same time in an expedited,
34 consolidated proceeding.

35 (5) The burden of proof in the civil case shall be on the
36 prosecuting agency, by a preponderance of the evidence.
37 All questions that may arise shall be decided and all other
38 proceedings shall be conducted as in an ordinary civil
39 action. A judgment of forfeiture does not require as a
40 condition precedent the conviction of a defendant of an

1 offense which made the vehicle subject to forfeiture. The
2 filing of a claim within the time limits specified in
3 paragraph (3) is considered a jurisdictional prerequisite
4 for the availing of the action authorized by that
5 paragraph.

6 (6) All right, title, and interest in the vehicle shall vest
7 in the state upon commission of the act giving rise to the
8 forfeiture.

9 (f) Any vehicle impounded that is not redeemed
10 pursuant to subdivision (d) and is subsequently forfeited
11 pursuant to this section shall be sold once an order of
12 forfeiture is issued by the district attorney of the county
13 of the impounding agency or a court, as the case may be,
14 pursuant to subdivision (e).

15 (g) Any legal owner ~~or the agent of the legal owner~~
16 *who is a motor vehicle dealer, bank, credit union,*
17 *acceptance corporation, or other licensed financial*
18 *institution legally operating in this state, or the agent of*
19 *that legal owner,* may take possession and conduct the
20 sale of the forfeited vehicle if the legal owner or agent
21 notifies the agency impounding the vehicle of its intent
22 to conduct the sale within 15 days of the mailing of the
23 notice pursuant to subdivision (e). Sale of the vehicle
24 after forfeiture pursuant to this subdivision may be
25 conducted at the time, in the manner, and on the notice
26 usually given for the sale of repossessed or surrendered
27 vehicles. The proceeds of any sale conducted by or on
28 behalf of the legal owner shall be disposed of as provided
29 in subdivision (i). A notice pursuant to this subdivision
30 may be presented in person, by certified mail, by
31 facsimile transmission, or by electronic mail.

32 (h) If the legal owner or agent of the legal owner does
33 not notify the agency impounding the vehicle of its intent
34 to conduct the sale as provided in subdivision (g), the
35 agency shall offer the forfeited vehicle for sale at public
36 auction within 60 days of receiving title to the vehicle.
37 Low value vehicles shall be disposed of pursuant to
38 subdivision (k).

39 (i) The proceeds of a sale of a forfeited vehicle shall be
40 disposed of in the following priority:

1 (1) To satisfy the towing and storage costs following
2 impoundment, the costs of providing notice pursuant to
3 subdivision (e), the costs of sale, and the unfunded costs
4 of judicial proceedings, if any.

5 (2) To the legal owner in an amount to satisfy the
6 indebtedness owed to the legal owner remaining as of the
7 date of sale, including accrued interest or finance charges
8 and delinquency charges, providing that the principal
9 indebtedness was incurred prior to the date of
10 impoundment.

11 (3) To the holder of any subordinate lien or
12 encumbrance on the vehicle, other than a registered or
13 legal owner, to satisfy any indebtedness so secured if
14 written notification of demand is received before
15 distribution of the proceeds is completed. The holder of
16 a subordinate lien or encumbrance, if requested, shall
17 furnish reasonable proof of its interest and, unless it does
18 so upon request, is not entitled to distribution pursuant to
19 this paragraph.

20 (4) To any other person, other than a registered or
21 legal owner, who can reasonably establish an interest in
22 the vehicle, including a community property interest, to
23 the extent of his or her provable interest, if written
24 notification is received before distribution of the
25 proceeds is completed.

26 (5) Of the remaining proceeds, funds shall be made
27 available to pay any local agency and court costs, that are
28 reasonably related to the implementation of this section,
29 that remain unsatisfied.

30 (6) Of the remaining proceeds, half shall be
31 transferred to the Controller for deposit in the Vehicle
32 Inspection and Repair Fund for the high-polluter repair
33 assistance and removal program created by Article 9
34 (commencing with Section 44090) of Chapter 5 of Part 5
35 of Division 26 of the Health and Safety Code, and half shall
36 be transferred to the general fund of the city or county of
37 the impounding agency, or the city or county where the
38 impoundment occurred. A portion of the local funds may
39 be used to establish a reward fund for persons coming
40 forward with information leading to the arrest and

1 conviction of hit and run drivers and to publicize the
2 availability of the reward fund.

3 (j) The person conducting the sale shall disburse the
4 proceeds of the sale as provided in subdivision (i) and
5 shall provide a written accounting regarding the
6 disposition to the impounding agency and, on request, to
7 any person entitled to or claiming a share of the proceeds,
8 within 15 days after the sale is conducted.

9 (k) If the vehicle to be sold pursuant to this section is
10 not of the type that can readily be sold to the public
11 generally, the vehicle shall be conveyed to a licensed
12 dismantler or donated to an eleemosynary institution.
13 License plates shall be removed from any vehicle
14 conveyed to a dismantler pursuant to this subdivision.

15 (l) No vehicle shall be sold pursuant to this section if
16 the impounding agency determines the vehicle to have
17 been stolen. In this event, the vehicle may be claimed by
18 the registered owner at any time after impoundment,
19 providing the vehicle registration is current and the
20 registered owner has no outstanding traffic violations or
21 parking penalties on his or her driving record or on the
22 registration record of any vehicle registered to the
23 person. If the identity of the legal and registered owners
24 of the vehicle cannot be reasonably ascertained, the
25 vehicle may be sold.

26 (m) Any owner of a vehicle who suffers any loss due to
27 the impoundment or forfeiture of any vehicle pursuant to
28 this section may recover the amount of the loss from the
29 unlicensed, suspended, or revoked driver. If possession of
30 a vehicle has been tendered to a business establishment
31 in good faith, and an unlicensed driver employed or
32 otherwise directed by the business establishment is the
33 cause of the impoundment of the vehicle, a registered
34 owner of the impounded vehicle may recover damages
35 for the loss of use of the vehicle from the business
36 establishment.

37 (n) (1) The impounding agency, if requested to do so
38 not later than 10 days after the date the vehicle was
39 impounded, shall provide the opportunity for a
40 poststorage hearing to determine the validity of the

1 storage to the persons who were the registered and legal
2 owners of the vehicle at the time of impoundment, except
3 that the hearing shall be requested within three days after
4 the date the vehicle was impounded if personal service
5 was provided to a registered owner pursuant to
6 paragraph (2) of subdivision (e) and no mailed notice is
7 required.

8 (2) The poststorage hearing shall be conducted not
9 later than two days after the date it was requested. The
10 impounding agency may authorize its own officer or
11 employee to conduct the hearing if the hearing officer is
12 not the same person who directed the storage of the
13 vehicle. Failure of either the registered or legal owner to
14 request a hearing as provided in paragraph (1) or to
15 attend a scheduled hearing shall satisfy the poststorage
16 hearing requirement.

17 (3) The agency employing the person who directed
18 the storage is responsible for the costs incurred for towing
19 and storage if it is determined that the driver at the time
20 of impoundment had a valid driver's license.

21 (o) As used in this section, "days" means workdays not
22 including weekends and holidays.

23 (p) Charges for towing and storage for any vehicle
24 impounded pursuant to this section shall not exceed the
25 normal towing and storage rates for other vehicle towing
26 and storage conducted by the impounding agency in the
27 normal course of business.

28 (q) The Judicial Council and the Department of
29 Justice may prescribe standard forms and procedures for
30 implementation of this section to be used by all
31 jurisdictions throughout the state.

32 (r) The impounding agency may act as the agent of
33 the state in carrying out this section.

34 (s) No vehicle shall be impounded pursuant to this
35 section if the driver has a valid license but the license is
36 for a class of vehicle other than the vehicle operated by
37 the driver.

38 (t) This section does not apply to vehicles subject to
39 Sections 14608 and 14609, if there has been compliance
40 with the procedures in those sections.

1 (u) As used in this section, “district attorney” includes
2 a city attorney charged with the duty of prosecuting
3 misdemeanor offenses.

4 (v) The agent of a legal owner acting pursuant to
5 subdivision (g) shall be licensed, or exempt from
6 licensure, pursuant to Chapter 11 (commencing with
7 Section 7500) of Division 3 of the Business and Professions
8 Code.

9 ~~SEC. 7. Section 23198 of the Vehicle Code is amended~~
10 ~~to read:~~

11 ~~23198. (a) (1) Upon its own motion or upon motion~~
12 ~~of the prosecutor in a criminal action for a violation of any~~
13 ~~of the following offenses, the court with jurisdiction over~~
14 ~~the offense, notwithstanding Section 86 of the Code of~~
15 ~~Civil Procedure and any other provision of law otherwise~~
16 ~~prescribing the jurisdiction of the court based upon the~~
17 ~~value of the property involved, may declare the motor~~
18 ~~vehicle driven by the defendant to be a nuisance if the~~
19 ~~defendant is the registered owner of the vehicle:~~

20 ~~(A) A violation of Section 191.5 or paragraph (3) of~~
21 ~~subdivision (e) of Section 192 of the Penal Code.~~

22 ~~(B) A violation of Section 23152 which occurred within~~
23 ~~seven years of two or more separate offenses of Section~~
24 ~~191.5 or paragraph (3) of subdivision (e) of Section 192 of~~
25 ~~the Penal Code, or Section 23152 or 23153, or any~~
26 ~~combination thereof, which resulted in convictions.~~

27 ~~(C) A violation of Section 23153 which occurred within~~
28 ~~seven years of one or more separate offenses of Section~~
29 ~~191.5 or paragraph (3) of subdivision (e) of Section 192 of~~
30 ~~the Penal Code, or Section 23152 or 23153, which resulted~~
31 ~~in convictions.~~

32 ~~(2) The court or the prosecutor shall give notice of the~~
33 ~~motion to the defendant, and the court shall hold a~~
34 ~~hearing before a motor vehicle may be declared a~~
35 ~~nuisance under this section.~~

36 ~~(b) Except as provided in subdivision (g), upon the~~
37 ~~conviction of the defendant and at the time of~~
38 ~~pronouncement of sentence, the court with jurisdiction~~
39 ~~over the offense shall order any vehicle declared to be a~~
40 ~~nuisance pursuant to subdivision (a) to be sold. Any~~

~~1 vehicle ordered to be sold pursuant to this subdivision
2 shall be surrendered to the sheriff of the county or the
3 chief of police of the city in which the violation occurred.
4 The officer to whom the vehicle is surrendered shall
5 promptly ascertain from the department the names and
6 addresses of all legal and registered owners of the vehicle
7 and, within five days of receiving that information, shall
8 send by certified mail a notice to all legal and registered
9 owners of the vehicle other than the defendant, at the
10 addresses obtained from the department, informing
11 them that the vehicle has been declared a nuisance and
12 will be sold or otherwise disposed of pursuant to this
13 section and of the approximate date and location of the
14 sale or other disposition. The notice shall also inform any
15 legal owner of its right to conduct the sale pursuant to
16 subdivision (c).~~

~~17 (c) Any legal owner or the agent of the legal owner
18 may take possession and conduct the sale of the vehicle
19 declared to be a nuisance if the legal owner or agent
20 notifies the officer to whom the vehicle is surrendered of
21 its intent to conduct the sale within 15 days of the mailing
22 of the notice pursuant to subdivision (b). Sale of the
23 vehicle pursuant to this subdivision may be conducted at
24 the time, in the manner, and on the notice usually given
25 for the sale of repossessed or surrendered vehicles. The
26 proceeds of any sale conducted by or on behalf of the legal
27 owner shall be disposed of as provided in subdivision (c).
28 A notice pursuant to this subdivision may be presented in
29 person, by certified mail, by facsimile transmission, or by
30 electronic mail.~~

~~31 (d) If the legal owner or the agent of the legal owner
32 does not notify the officer to whom the vehicle is
33 surrendered of its intent to conduct the sale as provided
34 in subdivision (c), the officer shall offer the vehicle for
35 sale at public auction within 60 days of receiving the
36 vehicle. At least 10 days but not more than 20 days prior
37 to the sale, not counting the day of sale, the officer shall
38 give notice of the sale by advertising once in a newspaper
39 of general circulation published in the city or county, as
40 the case may be, in which the vehicle is located, which~~

1 ~~notice shall contain a description of the make, year,~~
2 ~~model, identification number, and license number of the~~
3 ~~vehicle and the date, time, and location of the sale. For~~
4 ~~motoreycles, the engine number shall also be included. If~~
5 ~~there is no newspaper of general circulation published in~~
6 ~~the county, notice shall be given by posting a notice of sale~~
7 ~~containing the information required by this subdivision in~~
8 ~~three of the most public places in the city or county in~~
9 ~~which the vehicle is located, and at the place where the~~
10 ~~vehicle is to be sold, for 10 consecutive days prior to and~~
11 ~~including the day of the sale.~~

12 ~~(e) The proceeds of a sale conducted pursuant to this~~
13 ~~section shall be disposed of in the following priority:~~

14 ~~(1) To satisfy the costs of the sale, including costs~~
15 ~~incurred with respect to the taking and keeping of the~~
16 ~~vehicle pending sale.~~

17 ~~(2) To the legal owner in an amount to satisfy the~~
18 ~~indebtedness owed to the legal owner remaining as of the~~
19 ~~date of sale, including accrued interest or finance charges~~
20 ~~and delinquency charges.~~

21 ~~(3) To the holder of any subordinate lien or~~
22 ~~encumbrance on the vehicle to satisfy any indebtedness~~
23 ~~so secured if written notification of demand is received~~
24 ~~before distribution of the proceeds is completed. The~~
25 ~~holder of a subordinate lien or encumbrance, if~~
26 ~~requested, shall reasonably furnish reasonable proof of its~~
27 ~~interest and, unless it does so on request, is not entitled to~~
28 ~~distribution pursuant to this paragraph.~~

29 ~~(4) To any other person who can establish an interest~~
30 ~~in the vehicle, including a community property interest,~~
31 ~~to the extent of his or her provable interest.~~

32 ~~(5) If the vehicle was forfeited as a result of a felony~~
33 ~~violation of Section 191.5 of the Penal Code, or of Section~~
34 ~~23153 which resulted in serious bodily injury to any~~
35 ~~person other than the defendant, the balance, if any, to~~
36 ~~the city or county in which the violation occurred, to be~~
37 ~~deposited in its general fund.~~

38 ~~(6) Except as provided in paragraph (5), the balance,~~
39 ~~if any, to the city or county in which the violation~~

1 occurred, ~~to be expended for community-based~~
2 ~~adolescent substance abuse treatment services.~~

3 ~~The person conducting the sale shall disburse the~~
4 ~~proceeds of the sale as provided in this subdivision, and~~
5 ~~provide a written accounting regarding the disposition to~~
6 ~~all persons entitled to or claiming a share of the proceeds,~~
7 ~~within 15 days after the sale is conducted.~~

8 ~~(f) If the vehicle to be sold under this section is not of~~
9 ~~the type that can readily be sold to the public generally,~~
10 ~~the vehicle shall be destroyed or donated to an~~
11 ~~eleemosynary institution.~~

12 ~~(g) No vehicle shall be sold pursuant to this section in~~
13 ~~either of the following circumstances:~~

14 ~~(1) The vehicle is stolen, unless the identity of the legal~~
15 ~~and registered owners of the vehicle cannot be~~
16 ~~reasonably ascertained.~~

17 ~~(2) The vehicle is owned by another, or there is a~~
18 ~~community property interest in the vehicle owned by a~~
19 ~~person other than the defendant and the vehicle is the~~
20 ~~only vehicle available to the defendant's immediate~~
21 ~~family which may be operated on the highway with a class~~
22 ~~3 or class 4 driver's license.~~

23 ~~(h) The Legislature finds and declares it to be the~~
24 ~~public policy of this state that no policy of insurance shall~~
25 ~~afford benefits which would alleviate the financial~~
26 ~~detriment suffered by any person as a direct or indirect~~
27 ~~result of a confiscation of a vehicle pursuant to this~~
28 ~~section.~~

29 *SEC. 7. Section 23596 of the Vehicle Code, as added*
30 *by Section 84 of Chapter 118 of the Statutes of 1998, is*
31 *amended to read:*

32 23596. (a) (1) Upon its own motion or upon motion
33 of the prosecutor in a criminal action for a violation of any
34 of the following offenses, the court with jurisdiction over
35 the offense, notwithstanding Section 86 of the Code of
36 Civil Procedure and any other provision of law otherwise
37 prescribing the jurisdiction of the court based upon the
38 value of the property involved, may declare the motor
39 vehicle driven by the defendant to be a nuisance if the
40 defendant is the registered owner of the vehicle:

1 (A) A violation of Section 191.5 of, or paragraph (3) of
2 subdivision (c) of Section 192 of, the Penal Code.

3 (B) A violation of Section 23152 which occurred within
4 seven years of two or more separate offenses of Section
5 191.5 of, or paragraph (3) of subdivision (c) of Section 192
6 of, the Penal Code, or Section 23152 or 23153, or any
7 combination thereof, which resulted in convictions.

8 (C) A violation of Section 23153 which occurred within
9 seven years of one or more separate offenses of Section
10 191.5 of, or paragraph (3) of subdivision (c) of Section 192
11 of, the Penal Code, or Section 23152 or 23153, which
12 resulted in convictions.

13 (2) The court or the prosecutor shall give notice of the
14 motion to the defendant, and the court shall hold a
15 hearing before a motor vehicle may be declared a
16 nuisance under this section.

17 (b) Except as provided in subdivision (g), upon the
18 conviction of the defendant and at the time of
19 pronouncement of sentence, the court with jurisdiction
20 over the offense shall order any vehicle declared to be a
21 nuisance pursuant to subdivision (a) to be sold. Any
22 vehicle ordered to be sold pursuant to this subdivision
23 shall be surrendered to the sheriff of the county or the
24 chief of police of the city in which the violation occurred.
25 The officer to whom the vehicle is surrendered shall
26 promptly ascertain from the department the names and
27 addresses of all legal and registered owners of the vehicle
28 and, within five days of receiving that information, shall
29 send by certified mail a notice to all legal and registered
30 owners of the vehicle other than the defendant, at the
31 addresses obtained from the department, informing
32 them that the vehicle has been declared a nuisance and
33 will be sold or otherwise disposed of pursuant to this
34 section and of the approximate date and location of the
35 sale or other disposition. The notice shall also inform any
36 legal owner of its right to conduct the sale pursuant to
37 subdivision (c).

38 (c) Any legal owner ~~which in the regular course of its~~
39 ~~business conducts sales of repossessed or surrendered~~
40 ~~motor vehicles~~ *who is a motor vehicle dealer, bank, credit*

1 *union, acceptance corporation, or other licensed finance*
2 *institution legally operating in this state, or the agent of*
3 *that legal owner;* may take possession and conduct the
4 sale of the vehicle declared to be a nuisance if it notifies
5 the officer to whom the vehicle is surrendered of its intent
6 to conduct the sale within 15 days of the mailing of the
7 notice pursuant to subdivision (b). Sale of the vehicle
8 pursuant to this subdivision may be conducted at the
9 time, in the manner, and on the notice usually given ~~by~~
10 ~~the legal owner~~ for the sale of repossessed or surrendered
11 vehicles. The proceeds of any sale conducted by the legal
12 owner shall be disposed of as provided in subdivision (e).
13 *A notice pursuant to this subdivision may be presented in*
14 *person, by certified mail, by facsimile transmission, or by*
15 *electronic mail. The agent of a legal owner acting*
16 *pursuant to this subdivision shall be licensed, or exempt*
17 *from licensure, pursuant to Chapter 11 (commencing*
18 *with Section 7500) of Division 3 of the Business and*
19 *Professions Code.*

20 (d) If the legal owner *or the agent of the legal owner*
21 does not notify the officer to whom the vehicle is
22 surrendered of its intent to conduct the sale as provided
23 in subdivision (c), the officer shall offer the vehicle for
24 sale at public auction within 60 days of receiving the
25 vehicle. At least 10 days but not more than 20 days prior
26 to the sale, not counting the day of the sale, the officer
27 shall give notice of the sale by advertising once in a
28 newspaper of general circulation published in the city or
29 county, as the case may be, in which the vehicle is located,
30 which notice shall contain a description of the make, year,
31 model, identification number, and license number of the
32 vehicle and the date, time, and location of the sale. For
33 motorcycles, the engine number shall also be included. If
34 there is no newspaper of general circulation published in
35 the county, notice shall be given by posting a notice of sale
36 containing the information required by this subdivision in
37 three of the most public places in the city or county in
38 which the vehicle is located, and at the place where the
39 vehicle is to be sold, for 10 consecutive days prior to and
40 including the day of the sale.

(e) The proceeds of a sale conducted pursuant to this section shall be disposed of in the following priority:

(1) To satisfy the costs of the sale, including costs incurred with respect to the taking and keeping of the vehicle pending sale.

(2) To the legal owner in an amount to satisfy the indebtedness owed to the legal owner remaining as of the date of the sale, including accrued interest or finance charges and delinquency charges.

(3) To the holder of any subordinate lien or encumbrance on the vehicle to satisfy any indebtedness so secured if written notification of demand is received before distribution of the proceeds is completed. The holder of a subordinate lien or encumbrance, if requested, shall reasonably furnish reasonable proof of its interest and, unless it does so on request, is not entitled to distribution pursuant to this paragraph.

(4) To any other person who can establish an interest in the vehicle, including a community property interest, to the extent of his or her provable interest.

(5) If the vehicle was forfeited as a result of a felony violation of Section 191.5 of the Penal Code, or of Section 23153 that resulted in serious bodily injury to any person other than the defendant, the balance, if any, to the city or county in which the violation occurred, to be deposited in its general fund.

(6) Except as provided in paragraph (5), the balance, if any, to the city or county in which the violation occurred, to be expended for community-based adolescent substance abuse treatment services.

The person conducting the sale shall disburse the proceeds of the sale as provided in this subdivision, and provide a written accounting regarding the disposition to all persons entitled to or claiming a share of the proceeds, within 15 days after the sale is conducted.

(f) If the vehicle to be sold under this section is not of the type that can readily be sold to the public generally, the vehicle shall be destroyed or donated to an eleemosynary institution.

1 (g) No vehicle shall be sold pursuant to this section in
2 either of the following circumstances:

3 (1) The vehicle is stolen, unless the identity of the legal
4 and registered owners of the vehicle cannot be
5 reasonably ascertained.

6 (2) The vehicle is owned by another, or there is a
7 community property interest in the vehicle owned by a
8 person other than the defendant and the vehicle is the
9 only vehicle available to the defendant's immediate
10 family that may be operated on the highway with a class
11 3 or class 4 driver's license.

12 (h) The Legislature finds and declares it to be the
13 public policy of this state that no policy of insurance shall
14 afford benefits that would alleviate the financial
15 detriment suffered by any person as a direct or indirect
16 result of a confiscation of a vehicle pursuant to this
17 section.

